

Blackstone Group L.P.
Form 10-Q
May 08, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2018**
OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**
Commission File Number: 001-33551

The Blackstone Group L.P.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-8875684
(I.R.S. Employer
Identification No.)

345 Park Avenue

New York, New York 10154

(Address of principal executive offices)(Zip Code)

(212) 583-5000

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(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of the Registrant's voting common units representing limited partner interests outstanding as of May 2, 2018 was 661,530,630.

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Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect our current views with respect to, among other things, our operations, financial performance and unit repurchases and distribution activities. You can identify these forward-looking statements by the use of words such as outlook, indicator, believes, expects, potential, continues, may, will, should, seeks, approximately, predicts, intends, plans, estimates, version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 and in this report, as such factors may be updated from time to time in our periodic filings with the United States Securities and Exchange Commission (SEC), which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Website and Social Media Disclosure

We use our website (www.blackstone.com), Facebook page (www.facebook.com/blackstone), Twitter (www.twitter.com/blackstone), LinkedIn (www.linkedin.com/company/blackstonegroup), Instagram (www.instagram.com/blackstone), SoundCloud (www.soundcloud.com/blackstone-300250613), PodBean (www.blackstone.podbean.com) and YouTube (www.youtube.com/user/blackstonegroup) accounts as channels of distribution of company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about Blackstone when you enroll your e-mail address by visiting the Contact Us/Email Alerts section of our website at <http://ir.blackstone.com>. The contents of our website, any alerts and social media channels are not, however, a part of this report.

In this report, references to Blackstone, the Partnership, we, us or our refer to The Blackstone Group L.P. and its consolidated subsidiaries. Unless the context otherwise requires, references in this report to the ownership of Mr. Stephen A. Schwarzman, our founder, and other Blackstone personnel include the ownership of personal planning vehicles and family members of these individuals.

Blackstone Funds, our funds and our investment funds refer to the private equity funds, real estate funds, funds of hedge funds, credit-focused funds, collateralized loan obligation (CLO), real estate investment trusts and registered investment companies that are managed by Blackstone.

Our carry funds refers to the private equity funds, real estate funds and certain of the hedge fund solutions and credit-focused funds (with multi-year drawdown, commitment-based structures that only pay carry on the realization of an investment) that are managed by Blackstone. We refer to our general corporate private equity funds as Blackstone Capital Partners (BCP) funds, our energy-focused private equity funds as Blackstone Energy Partners (BEP) funds, our core private equity fund as Blackstone Core Equity Partners (BCEP), our opportunistic investment platform that invests globally across asset classes, industries and geographies as Blackstone Tactical Opportunities (Tactical Opportunities), our secondary private equity fund of funds business as Strategic Partners Fund Solutions (Strategic Partners), our multi-asset investment program for eligible high net worth investors offering exposure to certain of our key illiquid investment strategies through a single commitment as Blackstone Total Alternatives Solution (BTAS) and our capital markets services business as Blackstone Capital Markets (BXXCM). We refer to our real estate opportunistic funds as Blackstone Real Estate Partners (BREP) funds and our real estate debt investment funds as

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Blackstone Real Estate Debt Strategies (BREDS) funds. We refer to our core+ real estate funds, which target substantially stabilized assets in prime markets, as Blackstone Property Partners (BPP) funds. We refer to our real estate investment trusts as REITs , to Blackstone Mortgage Trust, Inc., our NYSE-listed REIT, as BXMT , and to Blackstone Real Estate Income Trust, Inc., our non-exchange traded REIT, as BREIT . Our hedge funds refers to our funds of hedge funds, certain of our real estate debt investment funds, including a registered investment company, and certain other credit-focused funds which are managed by Blackstone. BIS refers to Blackstone Insurance Solutions, our business that develops, distributes and manages tailored solutions for insurance companies worldwide.

Assets Under Management refers to the assets we manage. Our Assets Under Management equals the sum of:

- (a) the fair value of the investments held by our carry funds and our side-by-side and co-investment entities managed by us, plus (1) the capital that we are entitled to call from investors in those funds and entities pursuant to the terms of their respective capital commitments, including capital commitments to funds that have yet to commence their investment periods, or (2) for certain credit-oriented funds the amounts available to be borrowed under asset based credit facilities,
- (b) the net asset value of (1) our hedge funds, real estate debt carry funds, open ended core+ real estate fund, certain co-investments managed by us, and our Hedge Fund Solutions carry and drawdown funds (plus, in each case, the capital that we are entitled to call from investors in those funds, including commitments yet to commence their investment periods), and (2) our funds of hedge funds, our Hedge Fund Solutions registered investment companies, and our non-exchange traded REIT,
- (c) the invested capital, fair value or net asset value of assets we manage pursuant to separately managed accounts,
- (d) the amount of debt and equity outstanding for our CLOs during the reinvestment period,
- (e) the aggregate par amount of collateral assets, including principal cash, for our CLOs after the reinvestment period,
- (f) the gross or net amount of assets (including leverage where applicable) for our credit-focused registered investment companies, and
- (g) the fair value of common stock, preferred stock, convertible debt, or similar instruments issued by BXMT.

Our carry funds are commitment-based drawdown structured funds that do not permit investors to redeem their interests at their election. Our funds of hedge funds, hedge funds, funds structured like hedge funds and other open ended funds in our Hedge Fund Solutions, Credit and Real Estate segments generally have structures that afford an investor the right to withdraw or redeem their interests on a periodic basis (for example, annually or quarterly), typically with 30 to 95 days notice, depending on the fund and the liquidity profile of the underlying assets. Investment advisory agreements related to certain separately managed accounts in our Hedge Fund Solutions and Credit segments, excluding our BIS separately managed accounts, may generally be terminated by an investor on 30 to 90 days notice.

Fee-Earning Assets Under Management refers to the assets we manage on which we derive management fees and/or performance revenues. Our Fee-Earning Assets Under Management equals the sum of:

- (a) for our Private Equity segment funds and Real Estate segment carry funds including certain real estate debt investment funds and certain of our Hedge Fund Solutions funds, the amount of capital commitments, remaining invested capital, fair value, net asset value or par value of assets held, depending on the fee terms of the fund,

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- (b) for our credit-focused carry funds, the amount of remaining invested capital (which may include leverage) or net asset value, depending on the fee terms of the fund,

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- (c) the remaining invested capital or fair value of assets held in co-investment vehicles managed by us on which we receive fees,
- (d) the net asset value of our funds of hedge funds, hedge funds, open ended core+ real estate fund, certain co-investments managed by us, certain registered investment companies, our non-exchange traded REIT, and certain of our Hedge Fund Solutions drawdown funds,
- (e) the invested capital, fair value of assets or the net asset value we manage pursuant to separately managed accounts,
- (f) the net proceeds received from equity offerings and accumulated core earnings of BXMT, subject to certain adjustments,
- (g) the aggregate par amount of collateral assets, including principal cash, of our CLOs, and
- (h) the gross amount of assets (including leverage) or the net assets (plus leverage where applicable) for certain of our credit-focused registered investment companies.

Each of our segments may include certain Fee-Earning Assets Under Management on which we earn performance revenues but not management fees.

Our calculations of assets under management and fee-earning assets under management may differ from the calculations of other asset managers, and as a result this measure may not be comparable to similar measures presented by other asset managers. In addition, our calculation of assets under management includes commitments to, and the fair value of, invested capital in our funds from Blackstone and our personnel, regardless of whether such commitments or invested capital are subject to fees. Our definitions of assets under management and fee-earning assets under management are not based on any definition of assets under management and fee-earning assets under management that is set forth in the agreements governing the investment funds that we manage.

For our carry funds, total assets under management includes the fair value of the investments held, whereas fee-earning assets under management includes the amount of capital commitments, the remaining amount of invested capital at cost depending on whether the investment period has or has not expired or the fee terms of the fund. As such, fee-earning assets under management may be greater than total assets under management when the aggregate fair value of the remaining investments is less than the cost of those investments.

This report does not constitute an offer of any Blackstone Fund.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Financial Condition (Unaudited)****(Dollars in Thousands, Except Unit Data)**

	March 31, 2018	December 31, 2017
Assets		
Cash and Cash Equivalents	\$ 1,746,948	\$ 1,992,497
Cash Held by Blackstone Funds and Other	703,182	1,929,531
Investments (including assets pledged of \$171,182 and \$169,746 at March 31, 2018 and December 31, 2017, respectively)	19,763,563	24,434,049
Accounts Receivable	738,912	875,018
Due from Affiliates	1,852,396	2,028,137
Intangible Assets, Net	395,336	409,828
Goodwill	1,778,192	1,778,192
Other Assets	236,406	242,697
Deferred Tax Assets	718,440	725,970
Total Assets	\$ 27,933,375	\$ 34,415,919
Liabilities and Partners' Capital		
Loans Payable	\$ 9,307,266	\$ 14,815,436
Due to Affiliates	930,350	937,158
Accrued Compensation and Benefits	2,608,743	2,623,492
Securities Sold, Not Yet Purchased	167,457	154,380
Repurchase Agreements	142,519	118,840
Accounts Payable, Accrued Expenses and Other Liabilities	1,252,231	2,043,522
Total Liabilities	14,408,566	20,692,828
Commitments and Contingencies		
Redeemable Non-Controlling Interests in Consolidated Entities	209,010	210,944
Partners' Capital		
The Blackstone Group L.P. Partners' Capital		
Partners' Capital (common units: 666,812,752 issued and outstanding as of March 31, 2018; 659,526,093 issued and outstanding as of December 31, 2017)	6,541,409	6,668,511
Accumulated Other Comprehensive Loss	(27,203)	(34,018)
Total The Blackstone Group L.P. Partners' Capital	6,514,206	6,634,493
Non-Controlling Interests in Consolidated Entities	3,333,954	3,253,148
Non-Controlling Interests in Blackstone Holdings	3,467,639	3,624,506
Total Partners' Capital	13,315,799	13,512,147

Total Liabilities and Partners' Capital	\$ 27,933,375	\$ 34,415,919
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continued

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Financial Condition (Unaudited)****(Dollars in Thousands)**

The following presents the portion of the consolidated balances presented above attributable to consolidated Blackstone Funds which are variable interest entities. The following assets may only be used to settle obligations of these consolidated Blackstone Funds and these liabilities are only the obligations of these consolidated Blackstone Funds and they do not have recourse to the general credit of Blackstone.

	March 31, 2018	December 31, 2017
Assets		
Cash Held by Blackstone Funds	\$ 700,567	\$ 1,580,296
Investments	7,556,384	12,948,653
Accounts Receivable	296,348	470,156
Due from Affiliates	6,759	46,112
Other Assets	4,845	5,189
Total Assets	\$ 8,564,903	\$ 15,050,406
Liabilities		
Loans Payable	\$ 5,765,189	\$ 11,300,621
Due to Affiliates	121,294	86,393
Securities Sold, Not Yet Purchased	98,378	89,907
Repurchase Agreements	142,519	118,840
Accounts Payable, Accrued Expenses and Other Liabilities	696,403	1,562,534
Total Liabilities	\$ 6,823,783	\$ 13,158,295

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Operations (Unaudited)****(Dollars in Thousands, Except Unit and Per Unit Data)**

	Three Months Ended March 31,	
	2018	2017
Revenues		
Management and Advisory Fees, Net	\$ 728,849	\$ 645,484
Incentive Fees	12,566	46,511
Investment Income (Loss)		
Performance Allocations		
Realized	269,640	1,111,905
Unrealized	628,089	(124,621)
Principal Investments		
Realized	42,145	251,344
Unrealized	111,774	(40,188)
Total Investment Income	1,051,648	1,198,440
Interest and Dividend Revenue	35,385	28,495
Other	(59,317)	(4,212)
Total Revenues	1,769,131	1,914,718
Expenses		
Compensation and Benefits		
Compensation	389,403	351,589
Incentive Fee Compensation	6,662	22,465
Performance Allocations Compensation		
Realized	112,062	366,478
Unrealized	254,435	7,533
Total Compensation and Benefits	762,562	748,065
General, Administrative and Other	126,713	109,386
Interest Expense	38,671	40,246
Fund Expenses	54,985	24,076
Total Expenses	982,931	921,773
Other Income		
Net Gains from Fund Investment Activities	110,599	66,132
Income Before Provision for Taxes	896,799	1,059,077
Provision for Taxes	54,495	57,437
Net Income	842,304	1,001,640
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(1,275)	2,000

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Net Income Attributable to Non-Controlling Interests in Consolidated Entities	155,499	138,685
Net Income Attributable to Non-Controlling Interests in Blackstone Holdings	320,208	409,046
Net Income Attributable to The Blackstone Group L.P.	\$ 367,872	\$ 451,909
Net Income Per Common Unit		
Common Units, Basic	\$ 0.55	\$ 0.68
Common Units, Diluted	\$ 0.53	\$ 0.68
Weighted-Average Common Units Outstanding		
Common Units, Basic	674,479,140	660,939,708
Common Units, Diluted	1,210,573,854	1,199,506,983
Distributions Declared Per Common Unit	\$ 0.85	\$ 0.47

See notes to condensed consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(Dollars in Thousands)

	Three Months Ended March 31,	
	2018	2017
Net Income	\$ 842,304	\$ 1,001,640
Other Comprehensive Income, Net of Tax Currency Translation Adjustment	4,426	11,504
Comprehensive Income	846,730	1,013,144
Less:		
Comprehensive Income (Loss) Attributable to Redeemable Non-Controlling Interests in Consolidated Entities	(1,275)	2,000
Comprehensive Income Attributable to Non-Controlling Interests in Consolidated Entities	153,110	142,503
Comprehensive Income Attributable to Non-Controlling Interests in Blackstone Holdings	320,208	409,046
Comprehensive Income Attributable to The Blackstone Group L.P.	\$ 374,687	\$ 459,595

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Changes in Partners Capital (Unaudited)**

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P. Accumulated				Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Partners Capital	Redeemable Non- Controlling Interests in Consolidated Entities
	Common Units	Partners Capital	Other Compre- hensive Income (Loss)	Total				
Balance at December 31, 2017	659,526,093	\$ 6,668,511	\$ (34,018)	\$ 6,634,493	\$ 3,253,148	\$ 3,624,506	\$ 13,512,147	\$ 210,944
Transfer Out Due to Deconsolidation of Fund Entities					(197,091)		(197,091)	
Net Income (Loss)		367,872		367,872	155,499	320,208	843,579	(1,275)
Currency Translation Adjustment			6,815	6,815	(2,389)		4,426	
Capital Contributions					223,509		223,509	1,100
Capital Distributions		(570,570)		(570,570)	(121,711)	(492,159)	(1,184,440)	(1,759)
Transfer of Non-Controlling Interests in Consolidated Entities					22,989		22,989	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		3,520		3,520			3,520	
Equity-Based Compensation		41,439		41,439		33,102	74,541	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	3,077,431	(11,870)		(11,870)		(481)	(12,351)	
Change in The Blackstone Group L.P.'s Ownership Interest		(6,124)		(6,124)		6,124		
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	3,458,489	23,661		23,661		(23,661)		
Issuance of Common Units	750,739	24,970		24,970			24,970	
Balance at March 31, 2018	666,812,752	\$ 6,541,409	\$ (27,203)	\$ 6,514,206	\$ 3,333,954	\$ 3,467,639	\$ 13,315,799	\$ 209,010

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Changes in Partners Capital (Unaudited)**

(Dollars in Thousands, Except Unit Data)

	The Blackstone Group L.P. Accumulated				Non- Controlling Interests in Consolidated Entities	Non- Controlling Interests in Blackstone Holdings	Total Partners Capital	Redeemable Non- Controlling Interests in Consolidated Entities
	Common Units	Partners Capital	Other Compre- hensive Income (Loss)	Total				
Balance at December 31, 2016	643,459,542	\$ 6,521,531	\$ (62,887)	\$ 6,458,644	\$ 2,428,964	\$ 3,434,483	\$ 12,322,091	\$ 185,390
Net Income		451,909		451,909	138,685	409,046	999,640	2,000
Currency Translation Adjustment			7,686	7,686	3,818		11,504	
Capital Contributions					238,203		238,203	11,484
Capital Distributions		(308,925)		(308,925)	(156,819)	(284,636)	(750,380)	(10,216)
Transfer of Non-Controlling Interests in Consolidated Entities					(2,062)		(2,062)	
Deferred Tax Effects Resulting from Acquisition of Ownership Interests from Non-Controlling Interest Holders		2,297		2,297			2,297	
Equity-Based Compensation		43,703		43,703		36,355	80,058	
Net Delivery of Vested Blackstone Holdings Partnership Units and Blackstone Common Units	3,780,081	(11,940)		(11,940)		(790)	(12,730)	
Change in The Blackstone Group L.P.'s Ownership Interest		(10,789)		(10,789)		10,789		
Conversion of Blackstone Holdings Partnership Units to Blackstone Common Units	2,112,784	13,522		13,522		(13,522)		
Balance at March 31, 2017	649,352,407	\$ 6,701,308	\$ (55,201)	\$ 6,646,107	\$ 2,650,789	\$ 3,591,725	\$ 12,888,621	\$ 188,658

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Cash Flows (Unaudited)**

(Dollars in Thousands)

	Three Months Ended March 31,	
	2018	2017
Operating Activities		
Net Income	\$ 842,304	\$ 1,001,640
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities		
Blackstone Funds Related		
Net Realized Gains on Investments	(306,440)	(1,464,126)
Changes in Unrealized Gains on Investments	(209,015)	63,480
Non-Cash Performance Allocations	(628,089)	129,872
Non-Cash Performance Allocations and Incentive Fee Compensation	373,159	396,476
Equity-Based Compensation Expense	92,223	91,269
Amortization of Intangibles	14,492	10,964
Other Non-Cash Amounts Included in Net Income	86,332	53,161
Cash Flows Due to Changes in Operating Assets and Liabilities		
Cash Acquired with Consolidation of Fund Entity	31,422	
Cash Relinquished with Deconsolidation of Fund Entities	(899,959)	
Accounts Receivable	132,711	352,788
Reverse Repurchase Agreements		73,860
Due from Affiliates	(186,713)	(146,750)
Other Assets	(5,918)	2,335
Accrued Compensation and Benefits	(403,634)	(523,779)
Securities Sold, Not Yet Purchased	16,003	(37,632)
Accounts Payable, Accrued Expenses and Other Liabilities	(391,003)	(657,002)
Repurchase Agreements	23,678	19,415
Due to Affiliates	11,469	(65,935)
Investments Purchased	(5,007,608)	(2,330,873)
Cash Proceeds from Sale of Investments	4,644,753	3,583,318
Net Cash Provided by (Used in) Operating Activities	(1,769,833)	552,481
Investing Activities		
Purchase of Furniture, Equipment and Leasehold Improvements	(4,686)	(10,007)
Net Cash Used in Investing Activities	(4,686)	(10,007)

See notes to condensed consolidated financial statements.

Table of Contents**THE BLACKSTONE GROUP L.P.****Condensed Consolidated Statements of Cash Flows (Unaudited)**

(Dollars in Thousands)

	Three Months Ended March 31,	
	2018	2017
Financing Activities		
Distributions to Non-Controlling Interest Holders in Consolidated Entities	\$ (123,422)	\$ (139,059)
Contributions from Non-Controlling Interest Holders in Consolidated Entities	221,578	246,274
Payments Under Tax Receivable Agreement		(59,667)
Net Settlement of Vested Common Units and Repurchase of Common and Blackstone Holdings Partnership Units	(12,351)	(12,730)
Proceeds from Loans Payable	2,248,376	996,892
Repayment and Repurchase of Loans Payable	(1,004,660)	(125,425)
Distributions to Unitholders	(1,062,729)	(593,561)
Net Cash Provided by Financing Activities	266,792	312,724
Effect of Exchange Rate Changes on Cash and Cash Equivalents, Cash Held by Blackstone Funds and Other, and Restricted Cash	21,368	15,954
Cash and Cash Equivalents, Cash Held by Blackstone Funds and Other, and Restricted Cash		
Net Increase (Decrease)	(1,486,359)	871,152
Beginning of Period	3,936,489	2,860,955
End of Period	\$ 2,450,130	\$ 3,732,107
Supplemental Disclosure of Cash Flows Information		
Payments for Interest	\$ 41,764	\$ 57,339
Payments for Income Taxes	\$ 20,201	\$ 16,849
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Non-Cash Contributions from Non-Controlling Interest Holders	\$	\$ 1,738
Non-Cash Distributions to Non-Controlling Interest Holders	\$	\$ (27,976)
Transfer of Interests to Non-Controlling Interest Holders	\$ 22,989	\$ (2,062)
Change in The Blackstone Group L.P.'s Ownership Interest	\$ (6,124)	\$ (10,789)
Net Settlement of Vested Common Units	\$ 98,870	\$ 60,853
Conversion of Blackstone Holdings Units to Common Units	\$ 23,661	\$ 13,522
Acquisition of Ownership Interests from Non-Controlling Interest Holders		
Deferred Tax Asset	\$ (23,818)	\$ (15,129)
Due to Affiliates	\$ 20,298	\$ 12,832

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Partners' Capital	\$ 3,520	\$ 2,297
Issuance of Common Units	\$ 24,970	\$

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continued

See notes to condensed consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in Thousands)

The following table provides a reconciliation of Cash and Cash Equivalents, Cash Held by Blackstone Funds and Other, and Restricted Cash reported within the Condensed Consolidated Statements of Financial Condition:

	March 31, 2018	December 31, 2017
Cash and Cash Equivalents	\$ 1,746,948	\$ 1,992,497
Cash Held by Blackstone Funds and Other	703,182	1,929,531
Restricted Cash included in Other Assets		14,461
	\$ 2,450,130	\$ 3,936,489

See notes to condensed consolidated financial statements.

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THE BLACKSTONE GROUP L.P.

Notes to Condensed Consolidated Financial Statements

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

1. ORGANIZATION

The Blackstone Group L.P., together with its subsidiaries (Blackstone or the Partnership), is a leading global manager of private capital. The alternative asset management business includes the management of private equity funds, real estate funds, real estate investment trusts (REITs), funds of hedge funds, hedge funds, credit-focused funds, collateralized loan obligation (CLO) vehicles, separately managed accounts and registered investment companies (collectively referred to as the Blackstone Funds). Blackstone s business is organized into four segments: private equity, real estate, hedge fund solutions and credit.

The Partnership was formed as a Delaware limited partnership on March 12, 2007. The Partnership is managed and operated by its general partner, Blackstone Group Management L.L.C., which is in turn wholly owned by Blackstone s senior managing directors and controlled by one of Blackstone s founders, Stephen A. Schwarzman (the Founder). The activities of the Partnership are conducted through its holding partnerships: Blackstone Holdings I L.P., Blackstone Holdings AI L.P., Blackstone Holdings II L.P., Blackstone Holdings III L.P. and Blackstone Holdings IV L.P. (collectively, Blackstone Holdings , Blackstone Holdings Partnerships or the Holding Partnerships). The Partnership, through its wholly owned subsidiaries, is the sole general partner in each of these Holding Partnerships.

Generally, holders of the limited partner interests in the Holding Partnerships may, four times each year, exchange their limited partnership interests (Partnership Units) for Blackstone common units, on a one-to-one basis, exchanging one Partnership Unit from each of the Holding Partnerships for one Blackstone common unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Form 10-Q. The condensed consolidated financial statements, including these notes, are unaudited and exclude some of the disclosures required in audited financial statements. Management believes it has made all necessary adjustments (consisting of only normal recurring items) so that the condensed consolidated financial statements are presented fairly and that estimates made in preparing its condensed consolidated financial statements are reasonable and prudent. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Partnership s Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission.

The condensed consolidated financial statements include the accounts of the Partnership, its wholly owned or majority-owned subsidiaries, the consolidated entities which are considered to be variable interest entities and for which the Partnership is considered the primary beneficiary, and certain partnerships or similar entities which are not considered variable interest entities but in which the general partner is presumed to have control.

All intercompany balances and transactions have been eliminated in consolidation.

Restructurings within consolidated CLOs are treated as investment purchases or sales, as applicable, in the Condensed Consolidated Statements of Cash Flows.

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THE BLACKSTONE GROUP L.P.

Notes to Condensed Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Consolidation

The Partnership consolidates all entities that it controls through a majority voting interest or otherwise, including those Blackstone Funds in which the general partner has a controlling financial interest. The Partnership has a controlling financial interest in Blackstone Holdings because the limited partners do not have the right to dissolve the partnerships or have substantive kick out rights or participating rights that would overcome the control held by the Partnership. Accordingly, the Partnership consolidates Blackstone Holdings and records non-controlling interests to reflect the economic interests of the limited partners of Blackstone Holdings.

In addition, the Partnership consolidates all variable interest entities (VIE) in which it is the primary beneficiary. An enterprise is determined to be the primary beneficiary if it holds a controlling financial interest. A controlling financial interest is defined as (a) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. The consolidation guidance requires an analysis to determine (a) whether an entity in which the Partnership holds a variable interest is a VIE and (b) whether the Partnership's involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (for example, management and performance related fees), would give it a controlling financial interest. Performance of that analysis requires the exercise of judgment.

The Partnership determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a variable interest entity and continuously reconsiders that conclusion. In determining whether the Partnership is the primary beneficiary, Blackstone evaluates its control rights as well as economic interests in the entity held either directly or indirectly by the Partnership. The consolidation analysis can generally be performed qualitatively; however, if it is not readily apparent that the Partnership is not the primary beneficiary, a quantitative analysis may also be performed. Investments and redemptions (either by the Partnership, affiliates of the Partnership or third parties) or amendments to the governing documents of the respective Blackstone Funds could affect an entity's status as a VIE or the determination of the primary beneficiary. At each reporting date, the Partnership assesses whether it is the primary beneficiary and will consolidate or deconsolidate accordingly.

Assets of consolidated VIEs that can only be used to settle obligations of the consolidated VIE and liabilities of a consolidated VIE for which creditors (or beneficial interest holders) do not have recourse to the general credit of Blackstone are presented in a separate section in the Condensed Consolidated Statements of Financial Condition.

Blackstone's other disclosures regarding VIEs are discussed in Note 9. Variable Interest Entities .

Revenue Recognition

Revenues primarily consist of management and advisory fees, incentive fees, investment income, interest and dividend revenue and other.

Management and advisory fees and incentive fees are accounted for as contracts with customers. Under the guidance for contracts with customers, an entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. See Note 18, Segment Reporting for a disaggregated presentation of revenues from contracts with customers.

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THE BLACKSTONE GROUP L.P.

Notes to Condensed Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Investment Income represents the unrealized and realized gains and losses on the Partnership's Performance Allocations and Principal Investments. Interest and Dividend Revenue comprises primarily interest and dividend income earned on principal investments held by the Partnership. Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

Management and Advisory Fees, Net Management and Advisory Fees, Net are comprised of management fees, including base management fees, transaction and other fees and advisory fees net of management fee reductions and offsets.

The Partnership earns base management fees from limited partners of funds in each of its managed funds, at a fixed percentage of assets under management, net asset value, total assets, committed capital or invested capital. These customer contracts require the Partnership to provide investment management services, which represents a performance obligation that the Partnership satisfies over time. Management fees are a form of variable consideration because the fees the Partnership is entitled to vary based on fluctuations in the basis for the management fee. The amount recorded as revenue is generally determined at the end of the period because these management fees are payable on a regular basis (typically quarterly) and are not subject to clawback once paid.

Transaction, advisory and other fees (including monitoring fees) are principally fees charged to the limited partners of funds indirectly through the managed funds and portfolio companies. The investment advisory agreements generally require that the investment adviser reduce the amount of management fees payable by the limited partners to the Partnership (management fee reductions) by an amount equal to a portion of the transaction and other fees paid to the Partnership by the portfolio companies. The amount of the reduction varies by fund, the type of fee paid by the portfolio company and the previously incurred expenses of the fund. These fees and associated management fee reductions are a component of the transaction price for the Partnership's performance obligation to provide investment management services to the limited partners of funds and are recognized as changes to the transaction price in the period in which they are charged and the services are performed.

Management fee offsets are reductions to management fees payable by the limited partners of the Blackstone Funds, which are based on the amount such limited partners reimburse the Blackstone Funds or the Partnership primarily for placement fees. Providing investment management services requires the Partnership to arrange for services on behalf of its customers. In those situations where the Partnership is acting as an agent on behalf of the limited partners of funds, it presents the cost of services as net against management fee revenue. In all other situations, the cost of those services is presented gross as an expense with any reimbursement from the limited partners of the funds recorded as revenue.

Accrued but unpaid Management and Advisory Fees, net of management fee reductions and management fee offsets, as of the reporting date are included in Accounts Receivable or Due from Affiliates in the Condensed Consolidated Statements of Financial Condition.

Incentive Fees Contractual fees earned based on the performance of Blackstone Funds (Incentive Fees) are a form of variable consideration in their contracts with customers to provide investment management services. Incentive Fees are earned based on fund performance during the period, subject to the achievement of minimum return levels, or high water marks, in accordance with the respective terms set out in each fund's governing agreements. Incentive Fees will not be recognized as revenue until (a) it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. Incentive Fees are typically recognized as revenue when realized at the end of the measurement period. Once realized, such fees are not subject to clawback or reversal. Accrued but unpaid Incentive Fees charged directly to investors in Blackstone Funds as of the reporting date are recorded within Due from Affiliates in the Condensed Consolidated Statements of Financial Condition.

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Notes to Condensed Consolidated Financial Statements - Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Investment Income (Loss) Investment Income (Loss) represents the unrealized and realized gains and losses on the Partnership's Performance Allocations and Principal Investments.

In certain fund structures across private equity, real estate, hedge fund solutions and credit-focused funds (carry funds), Blackstone, through its subsidiaries, invests alongside its limited partners in a partnership and is entitled to its pro-rata share of the results of the fund (a pro-rata allocation). In addition to a pro-rata allocation, and assuming certain investment returns are achieved, Blackstone is entitled to a disproportionate allocation of the income otherwise allocable to the limited partners, commonly referred to as carried interest (Performance Allocations).

Performance Allocations are made to the general partner based on cumulative fund performance to date, subject to a preferred return to limited partners. At the end of each reporting period, the Partnership calculates the balance of accrued Performance Allocations (Accrued Performance Allocations) that would be due to the Partnership for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as Accrued Performance Allocations to reflect either (a) positive performance resulting in an increase in the Accrued Performance Allocation to the general partner or (b) negative performance that would cause the amount due to the Partnership to be less than the amount previously recognized as revenue, resulting in a negative adjustment to the Accrued Performance Allocation to the general partner. In each scenario, it is necessary to calculate the Accrued Performance Allocation on cumulative results compared to the Accrued Performance Allocation recorded to date and make the required positive or negative adjustments. The Partnership ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. The Partnership is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Performance Allocations over the life of a fund. Accrued Performance Allocations as of the reporting date are reflected in Investments in the Condensed Consolidated Statements of Financial Condition.

Performance Allocations are realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the preferred return or, in limited instances, after certain thresholds for return of capital are met. Performance Allocations are subject to clawback to the extent that the Performance Allocation received to date exceeds the amount due to Blackstone based on cumulative results. As such, the accrual for potential repayment of previously received Performance Allocations, which is a component of Due to Affiliates, represents all amounts previously distributed to Blackstone Holdings and non-controlling interest holders that would need to be repaid to the Blackstone carry funds if the Blackstone carry funds were to be liquidated based on the current fair value of the underlying funds' investments as of the reporting date. The actual clawback liability, however, generally does not become realized until the end of a fund's life except for certain funds, including certain Blackstone real estate funds, multi-asset class investment funds and credit-focused funds, which may have an interim clawback liability.

Principal Investments include the unrealized and realized gains and losses on the Partnership's principal investments, including its investments in Blackstone Funds that are not consolidated and receive pro-rata allocations, its equity method investments, and other principal investments. Income (Loss) on Principal Investments is realized when the Partnership redeems all or a portion of its investment or when the Partnership receives cash income, such as dividends or distributions. Unrealized Income (Loss) on Principal Investments results from changes in the fair value of the underlying investment as well as the reversal of unrealized gain (loss) at the time an investment is realized.

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Notes to Condensed Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Interest and Dividend Revenue Interest and Dividend Revenue comprises primarily interest and dividend income earned on principal investments held by Blackstone.

Other Revenue Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

Fair Value of Financial Instruments

GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level I Quoted prices are available in active markets for identical financial instruments as of the reporting date. The types of financial instruments in Level I include listed equities, listed derivatives and mutual funds with quoted prices. The Partnership does not adjust the quoted price for these investments, even in situations where Blackstone holds a large position and a sale could reasonably impact the quoted price.

Level II Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Financial instruments which are generally included in this category include corporate bonds and loans, including corporate bonds and loans held within CLO vehicles, government and agency securities, less liquid and restricted equity securities, and certain over-the-counter derivatives where the fair value is based on observable inputs. Senior and subordinated notes issued by CLO vehicles are classified within Level II of the fair value hierarchy.

Level III Pricing inputs are unobservable for the financial instruments and includes situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation. Financial instruments that are included in this category generally include general and limited partnership interests in private equity and real estate funds, credit-focused funds, distressed debt and non-investment grade residual interests in securitizations, certain corporate bonds and loans held within CLO vehicles, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. The Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Transfers between levels of the fair value hierarchy are recognized at the beginning of the reporting period.

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THE BLACKSTONE GROUP L.P.

Notes to Condensed Consolidated Financial Statements Continued

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Level II Valuation Techniques

Financial instruments classified within Level II of the fair value hierarchy comprise debt instruments, including certain corporate loans and bonds held by Blackstone's consolidated CLO vehicles and debt securities sold, not yet purchased. Certain equity securities and derivative instruments valued using observable inputs are also classified as Level II.

The valuation techniques used to value financial instruments classified within Level II of the fair value hierarchy are as follows:

Debt Instruments and Equity Securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments. The valuation of certain equity securities is based on an observable price for an identical security adjusted for the effect of a restriction.

Freestanding Derivatives are valued using contractual cash flows and observable inputs comprising yield curves, foreign currency rates and credit spreads.

Senior and subordinate notes issued by CLO vehicles are classified based on the more observable fair value of CLO assets less (a) the fair value of any beneficial interests held by Blackstone, and (b) the carrying value of any beneficial interests that represent compensation for services.

Level III Valuation Techniques

In the absence of observable market prices, Blackstone values its investments using valuation methodologies applied on a consistent basis. For some investments little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks. Investments for which market prices are not observable include private investments in the equity of operating companies, real estate properties, certain funds of hedge funds and credit-focused investments.

Private Equity Investments The fair values of private equity investments are determined by reference to projected net earnings, earnings before interest, taxes, depreciation and amortization (EBITDA), the discounted cash flow method, public market or private transactions, valuations for comparable companies and other measures which, in many cases, are based on unaudited information at the time received. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key performance metric of the investee company, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods. Where a discounted cash flow method is used, a terminal value is derived by reference to EBITDA or price/earnings exit multiples.

Real Estate Investments The fair values of real estate investments are determined by considering projected operating cash flows, sales of comparable assets, if any, and replacement costs, among other measures. The methods used to estimate the fair value of real estate investments include the discounted cash flow method and/or capitalization rates (cap rates) analysis. Valuations may be derived by reference to observable valuation measures

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for comparable companies or assets (for example, multiplying a key performance metric of the investee company or asset, such as EBITDA, by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by management for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods. Where a discounted cash flow method is used, a terminal value is derived by reference to an exit EBITDA multiple or capitalization rate. Additionally, where applicable, projected distributable cash flow through debt maturity will be considered in support of the investment's fair value.

Credit-Focused Investments The fair values of credit-focused investments are generally determined on the basis of prices between market participants provided by reputable dealers or pricing services. For credit-focused investments that are not publicly traded or whose market prices are not readily available, Blackstone may utilize other valuation techniques, including the discounted cash flow method or a market approach. The discounted cash flow method projects the expected cash flows of the debt instrument based on contractual terms, and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of publicly traded debt instruments issued by companies operating in similar industries as the subject investment, with similar leverage statistics and time to maturity.

The market approach is generally used to determine the enterprise value of the issuer of a credit investment, and considers valuation multiples of comparable companies or transactions. The resulting enterprise value will dictate whether or not such credit investment has adequate enterprise value coverage. In cases of distressed credit instruments, the market approach may be used to estimate a recovery value in the event of a restructuring.

Level III Valuation Process

Investments classified within Level III of the fair value hierarchy are valued on a quarterly basis, taking into consideration factors including any changes in Blackstone's weighted-average cost of capital assumptions, discounted cash flow projections and exit multiple assumptions, as well as any changes in economic and other relevant conditions, and valuation models are updated accordingly. The valuation process also includes a review by an independent valuation party, at least annually for all investments, and quarterly for certain investments, to corroborate the values determined by management. The valuations of Blackstone's investments are reviewed quarterly by a valuation committee chaired by Blackstone's Vice Chairman and includes senior heads of each of Blackstone's businesses, as well as representatives of legal and finance. Each quarter, the valuations of Blackstone's investments are also reviewed by the Audit Committee in a meeting attended by the chairman of the valuation committee. The valuations are further tested by comparison to actual sales prices obtained on disposition of the investments.

Investments, at Fair Value

The Blackstone Funds are accounted for as investment companies under the American Institute of Certified Public Accountants Accounting and Auditing Guide, *Investment Companies*, and reflect their investments, including majority-owned and controlled investments (the Portfolio Companies), at fair value. Such consolidated funds' investments are reflected in Investments on the Condensed Consolidated Statements of Financial Condition at fair value, with unrealized gains and losses resulting from changes in fair value reflected as a component of Net Gains from Fund Investment Activities in the Condensed Consolidated Statements of Operations. Fair value is the amount that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, at current market conditions (i.e., the exit price).

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Notes to Condensed Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

Blackstone's principal investments are presented at fair value with unrealized appreciation or depreciation and realized gains and losses recognized in the Condensed Consolidated Statements of Operations within Investment Income (Loss).

For certain instruments, the Partnership has elected the fair value option. Such election is irrevocable and is applied on an investment by investment basis at initial recognition. The Partnership has applied the fair value option for certain loans and receivables and certain investments in private debt securities that otherwise would not have been carried at fair value with gains and losses recorded in net income. The methodology for measuring the fair value of such investments is consistent with the methodology applied to private equity, real estate, credit-focused and funds of hedge funds investments. Changes in the fair value of such instruments are recognized in Investment Income (Loss) in the Condensed Consolidated Statements of Operations. Interest income on interest bearing loans and receivables and debt securities on which the fair value option has been elected is based on stated coupon rates adjusted for the accretion of purchase discounts and the amortization of purchase premiums. This interest income is recorded within Interest and Dividend Revenue.

The Partnership has elected the fair value option for the assets of consolidated CLO vehicles. As permitted under GAAP, the Partnership measures the liabilities of consolidated CLO vehicles as (a) the sum of the fair value of the consolidated CLO assets and the carrying value of any nonfinancial assets held temporarily, less (b) the sum of the fair value of any beneficial interests retained by the Partnership (other than those that represent compensation for services) and the Partnership's carrying value of any beneficial interests that represent compensation for services. As a result of this measurement alternative, there is no attribution of amounts to Non-Controlling Interests for consolidated CLO vehicles. Assets of the consolidated CLOs are presented within Investments within the Condensed Consolidated Statements of Financial Condition and Liabilities within Loans Payable for the amounts due to unaffiliated third parties and Due to Affiliates for the amounts held by non-consolidated affiliates. Changes in the fair value of consolidated CLO assets and liabilities and related interest, dividend and other income are presented within Net Gains from Fund Investment Activities. Expenses of consolidated CLO vehicles are presented in Fund Expenses.

The Partnership has elected the fair value option for certain proprietary investments that would otherwise have been accounted for using the equity method of accounting. The fair value of such investments is based on quoted prices in an active market or using the discounted cash flow method. Changes in fair value are recognized in Investment Income (Loss) in the Condensed Consolidated Statements of Operations.

Further disclosure on instruments for which the fair value option has been elected is presented in Note 7. Fair Value Option .

The investments of consolidated Blackstone Funds in funds of hedge funds (Investee Funds) are valued at net asset value (NAV) per share of the Investee Fund. In limited circumstances, the Partnership may determine, based on its own due diligence and investment procedures, that NAV per share does not represent fair value. In such circumstances, the Partnership will estimate the fair value in good faith and in a manner that it reasonably chooses, in accordance with the requirements of GAAP.

Certain investments of Blackstone and of the consolidated Blackstone funds of hedge funds and credit-focused funds measure their investments in underlying funds at fair value using NAV per share without adjustment. The terms of the investee's investment generally provide for minimum holding periods or lock-ups, the institution of gates on redemptions or the suspension of redemptions or an ability to side pocket investments, at the discretion of the investee's fund manager, and as a result, investments may not be redeemable at, or within three months of, the

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Notes to Condensed Consolidated Financial Statements Continued

(All Dollars Are in Thousands, Except Unit and Per Unit Data, Except Where Noted)

reporting date. A side pocket is used by hedge funds and funds of hedge funds to separate investments that may lack a readily ascertainable value, are illiquid or are subject to liquidity restriction. Redemptions are generally not permitted until the investments within a side pocket are liquidated or it is deemed that the conditions existing at the time that required the investment to be included in the side pocket no longer exist. As the timing of either of these events is uncertain, the timing at which the Partnership may redeem an investment held in a side pocket cannot be estimated. Further disclosure on instruments for which fair value is measured using NAV per share is presented in Note 5. Net Asset Value as Fair Value .

Security and loan transactions are recorded on a trade date basis.

Equity Method Investments

Investments in which the Partnership is deemed to exert significant influence, but not control, are accounted for using the equity method of accounting except in cases where the fair value option has been elected. Under the equity method of accounting, the Partnership's share of earnings (losses) from equity method investments is included in Investment Income (Loss) in the Condensed Consolidated Statements of Operations.

In cases where the Partnership's equity method investments provide for a disproportionate allocation of the profits and losses (as is the case with carry funds that include a Performance Allocation), the Partnership's share of earnings (losses) from equity method investments is determined using a balance sheet approach referred to as the hypothetical liquidation at book value (HLBV) method. Under the HLBV method, at the end of each reporting period the Partnership calculates the Accrued Performance Allocations that would be due to the Partnership for each fund pursuant to the fund agreements as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized. As the fair value of underlying investments varies between reporting periods, it is necessary to make adjustments to amounts recorded as Accrued Performance Allocations to reflect either (a) positive performance resulting in an increase in the Accrued Performance Allocation to the general partner, or (b) negative performance that would cause the amount due to the Partnership to be less than the amount previously recognized as revenue, resulting in a negative adjustment to the Accrued Performance Allocation to the general partner. In each scenario, it is necessary to calculate the Accrued Performance Allocation on cumulative results compared to the Accrued Performance Allocation recorded to date and make the required positive or negative adjustments. The Partnership ceases to record negative Performance Allocations once previously Accrued Performance Allocations for such fund have been fully reversed. The Partnership is not obligated to pay guaranteed returns or hurdles, and therefore, cannot have negative Performance Allocations over the life of a fund. The carrying amounts of equity method investments are reflected in Investments in the Condensed Consolidated Statements of Financial Condition.

Compensation and Benefits

Compensation and Benefits Compensation and Benefits consists of (a) employee compensation, comprising salary and bonus, and benefits paid and payable to employees and senior managing directors and (b) equity-based compensation associated with the grants of equity-based awards to employees and senior managing directors. Compensation cost relating to the issuance of equity-based awards to senior managing directors and employees is measured at fair value at the grant date, taking into consideration expected forfeitures, and expensed over the vesting period on a straight-line basis, except in the case of (a) equity-based awards that do not require future service, which are expensed immediately, and (b) certain awards to recipients that meet specified criteria making them eligible for retirement treatment (allowing such recipient to keep a percentage of those awards upon departure from Blackstone after becoming eligible for retirement), for which the expense for the portion of the

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Notes to Condensed Consolidated Financial Statements Continued

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award that would be retained in the event of retirement is either expensed immediately or amortized to the retirement date. Cash settled equity-based awards are classified as liabilities and are remeasured at the end of each reporting period.

Compensation and Benefits Incentive Fee Compensation Incentive Fee Compensation consists of compensation paid based on Incentive Fees.

Compensation and Benefits Performance Allocations Compensation Performance Allocation Compensation consists of compensation paid based on Performance Allocations (which may be distributed in cash or in-kind). Such compensation expense is subject to both positive and negative adjustments. Unlike Performance Allocations, compensation expense is based on the performance of individual investments held by a fund rather than on a fund by fund basis. These amounts may also include allocations of investment income from Blackstone's principal investments, to senior managing directors and employees participating in certain profit sharing initiatives.

Repurchase Agreements

Securities sold under agreements to repurchase (repurchase agreements), comprised primarily of U.S. and non-U.S. government and agency securities are asset-backed securities and corporate debt and represent collateralized financing transactions. Such transactions are recorded in the Condensed Consolidated Statements of Financial Condition at their contractual amounts and include accrued interest. The carrying value of repurchase agreements approximates fair value.

The Partnership manages credit exposure arising from repurchase agreements by, in appropriate circumstances, entering into master netting agreements and collateral arrangements with counterparties that provide the Partnership, in the event of a counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

The Partnership also pledges its financial instruments to counterparties to collateralize repurchase agreements. Financial instruments pledged that can be repledged, delivered or otherwise used by the counterparty are recorded in Investments in the Condensed Consolidated Statements of Financial Condition. Additional disclosures relating to repurchase agreements are discussed in Note 10. Repurchase Agreements .

Blackstone does not offset assets and liabilities relating to repurchase agreements in its Condensed Consolidated Statements of Financial Condition. Additional disclosures relating to offsetting are discussed in Note 11. Offsetting of Assets and Liabilities .

Securities Sold, Not Yet Purchased

Securities Sold, Not Yet Purchased consist of equity and debt securities that the Partnership has borrowed and sold. The Partnership is required to cover its short sale in the future by purchasing the security at prevailing market prices and delivering it to the counterparty from which it borrowed the security. The Partnership is exposed to loss in the event that the price at which a security may have to be purchased to cover a short sale exceeds the price at which the borrowed security was sold short.

Securities Sold, Not Yet Purchased are recorded at fair value in the Condensed Consolidated Statements of Financial Condition.

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THE BLACKSTONE GROUP L.P.

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Derivative Instruments

The Partnership recognizes all derivatives as assets or liabilities on its Condensed Consolidated Statements of Financial Condition at fair value. On the date the Partnership enters into a derivative contract, it designates and documents each derivative contract as one of the following: (a) a hedge of a recognized asset or liability (fair value hedge), (b) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge), (c) a hedge of a net investment in a foreign operation, or (d) a derivative instrument not designated as a hedging instrument (freestanding derivative). For a fair value hedge, Blackstone records changes in the fair value of the derivative and, to the extent that it is highly effective, changes in the fair value of the hedged asset or liability attributable to the hedged risk, in current period earnings in General, Administrative and Other in the Condensed Consolidated Statements of Operations. Changes in the fair value of derivatives designated as hedging instruments caused by factors other than changes in the risk being hedged, which are excluded from the assessment of hedge effectiveness, are recognized in current period earnings. Gains or losses on a derivative instrument that is designated as, and is effective as, an economic hedge of a net investment in a foreign operation are reported in the cumulative translation adjustment section of other comprehensive income to the extent it is effective as a hedge. The ineffective portion of a net investment hedge is recognized in current period earnings.

The Partnership formally documents at inception its hedge relationships, including identification of the hedging instruments and the hedged items, its risk management objectives, strategy for undertaking the hedge transaction and the Partnership's evaluation of effectiveness of its hedged transaction. At least monthly, the Partnership also formally assesses whether the derivative it designated in each hedging relationship is expected to be, and has been, highly effective in offsetting changes in estimated fair values or cash flows of the hedged items using either the regression analysis or the dollar offset method. For net investment hedges, the Partnership uses a method based on changes in spot rates to measure effectiveness. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued. The Partnership may also at any time remove a designation of a fair value hedge. The fair values of hedging derivative instruments are reflected within Other Assets in the Condensed Consolidated Statements of Financial Condition.

For freestanding derivative contracts, the Partnership presents changes in fair value in current period earnings. Changes in the fair value of derivative instruments held by consolidated Blackstone Funds are reflected in Net Gains from Fund Investment Activities or, where derivative instruments are held by the Partnership, within Investment Income (Loss) in the Condensed Consolidated Statements of Operations. The fair value of freestanding derivative assets of the consolidated Blackstone Funds are recorded within Investments, the fair value of freestanding derivative assets that are not part of the consolidated Blackstone Funds are recorded within Other Assets and the fair value of freestanding derivative liabilities are recorded within Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Consolidated Statements of Financial Condition.

The Partnership has elected to not offset derivative assets and liabilities or financial assets in its Condensed Consolidated Statements of Financial Condition, including cash, that may be received or paid as part of collateral arrangements, even when an enforceable master netting agreement is in place that provides the Partnership, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

Blackstone's other disclosures regarding derivative financial instruments are discussed in Note 6. Derivative Financial Instruments .

Blackstone's disclosures regarding offsetting are discussed in Note 11. Offsetting of Assets and Liabilities .

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Affiliates

Blackstone considers its Founder, senior managing directors, employees, the Blackstone Funds and the Portfolio Companies to be affiliates.

Distributions

Distributions are reflected in the condensed consolidated financial statements when declared.

Recent Accounting Developments

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance on revenue from contracts with customers. The new guidance was effective for Blackstone beginning January 1, 2018 and was adopted on a full retrospective basis. The guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Blackstone has concluded that its Management and Advisory Fees and Incentive Fees are within the scope of the amended revenue recognition guidance. The adoption of the amended guidance did not have a material impact on the recognition of Management and Advisory Fees. For Incentive Fees, the amended guidance changes the presentation and delays the recognition of revenues compared to the prior accounting treatment. These amounts were previously recognized within Realized and Unrealized Performance Fees Incentive Fees in the Condensed Consolidated Statements of Operations. Under the amended guidance, these amounts will be recognized separately within Incentive Fees. Blackstone recorded a net reduction to Partners Capital of \$2.4 million and \$1.9 million as of December 31, 2016 and December 31, 2017, respectively, as a result of adopting the amended guidance. For the three months ended March 31, 2017, the impact on Total Revenues, Net Income Attributable to The Blackstone Group L.P., Net Income Per Common Unit Basic, and Net Income Per Common Unit Diluted was a reduction of \$26.0 million, \$9.9 million, \$0.02 per common unit, and \$0.01 per common unit, respectively. Also, the reimbursement of certain costs incurred in the process of providing investment management services, primarily travel costs, that were previously presented net in the Condensed Consolidated Statements of Operations are presented gross under the amended guidance. For the three months ended March 31, 2017, these costs were \$3.3 million and are presented in General, Administrative and Other Expenses with the related reimbursement presented in Management and Advisory Fees, Net in the Condensed Consolidated Statements of Operations.

Blackstone has concluded that investments made alongside its limited partners in a partnership which entitle Blackstone to a pro-rata allocation and a disproportionate Performance Allocation represent equity method investments that are not in the scope of the amended revenue recognition guidance. Therefore, effective January 1, 2018, Blackstone amended the recognition and measurement of Performance Allocations. This accounting change will not change the timing or amount of revenue recognized related to Performance Allocation arrangements. These amounts were previously recognized within Realized and Unrealized Performance Fees Carried Interest and Incentive Fees in the Condensed Consolidated Statements of Operations. Under the equity method of accounting Blackstone recognizes Performance Allocations within Investment Income along with the allocations proportionate to Blackstone's ownership interests in the Blackstone Funds. Blackstone applied a retrospective application consistent with the requirements for presentation of a change in accounting principle.

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In January 2016, the FASB issued amended guidance on the classification and measurement of financial instruments. The new guidance was effective for Blackstone beginning on January 1, 2018 and was adopted on a modified retrospective basis. However, changes to the accounting for equity securities without a readily determinable fair value will be applied prospectively as permitted under the guidance. This amended guidance did not have an impact on Blackstone's financial statements as of and for the three months ended March 31, 2018.

In February 2016, the FASB issued amended guidance on the accounting for leases. The guidance requires the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The guidance retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases under previous GAAP. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly from previous GAAP.

For operating leases, a lessee is required to do the following: (a) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the Statement of Financial Condition, (b) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis, and (c) classify all cash payments within operating activities in the statement of cash flows.

The guidance is effective for fiscal periods beginning after December 15, 2018. Early application is permitted. Blackstone is evaluating the impact of the amended guidance on the Condensed Consolidated Statement of Financial Condition. It is not expected to have a material impact on the Condensed Consolidated Statements of Operations or the Condensed Consolidated Statements of Cash Flows.

In November 2016, the FASB issued amended guidance on classification and presentation of restricted cash on the statement of cash flows. The new guidance was effective for Blackstone beginning on January 1, 2018 and was adopted on a retrospective basis. Under the new guidance, reporting entities are required to explain the changes in the combined total of restricted and unrestricted balances in the statement of cash flows. Therefore, amounts generally described as restricted cash or restricted cash equivalents (hereinafter referred to as restricted cash) should be combined with unrestricted cash and cash equivalents when reconciling the beginning and end of period balances on the statement of cash flows. Reporting entities are also required to disclose how the statement of cash flows reconciles to the balance sheet in any situation in which the balance sheet includes more than one line item of cash, cash equivalents, and restricted cash. For the three months ended March 31, 2017 the new guidance resulted in an increase in Net Cash Provided by Operating Activities of \$401.4 million, an increase in Net Cash Used In Investing Activities of \$8.0 million, and an increase in Effect of Exchange Rate Changes on Cash and Cash Equivalents, Cash Held by Blackstone Funds, and Restricted Cash of \$11.4 million. Additionally, the new guidance increased the December 31, 2016 Beginning of Period and March 31, 2017 End of Period balances by \$1.0 billion and \$1.4 billion, respectively, in the Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2017.

3. INTANGIBLE ASSETS

Intangible Assets, Net consists of the following:

	March 31, 2018	December 31, 2017
Finite-Lived Intangible Assets / Contractual Rights	\$ 1,594,876	\$ 1,594,876
Accumulated Amortization	(1,199,540)	(1,185,048)
Intangible Assets, Net	\$ 395,336	\$ 409,828

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Amortization expense associated with Blackstone's intangible assets was \$14.5 million and \$11.0 million for the three months ended March 31, 2018 and 2017, respectively.

Amortization of Intangible Assets held at March 31, 2018 is expected to be \$57.9 million, \$57.9 million, \$57.9 million, \$57.9 million, and \$50.2 million for each of the years ending December 31, 2018, 2019, 2020, 2021, and 2022, respectively. Blackstone's intangible assets as of March 31, 2018 are expected to amortize over a weighted-average period of 9.0 years.

4. INVESTMENTS

Investments consist of the following:

	March 31, 2018	December 31, 2017
Investments of Consolidated Blackstone Funds	\$ 7,560,831	\$ 12,954,121
Equity Method Investments		
Partnership Investments	3,511,982	3,263,131
Accrued Performance Allocations	5,914,150	5,328,280
Corporate Treasury Investments	2,449,863	2,566,043
Other Investments	326,737	322,474
	\$ 19,763,563	\$ 24,434,049

Blackstone's share of Investments of Consolidated Blackstone Funds totaled \$348.7 million and \$488.4 million at March 31, 2018 and December 31, 2017, respectively.

Investments of Consolidated Blackstone Funds

The following table presents the Realized and Net Change in Unrealized Gains (Losses) on investments held by the consolidated Blackstone Funds and a reconciliation to Other Income Net Gains from Fund Investment Activities in the Condensed Consolidated Statements of Operations:

	Three Months Ended March 31,	
	2018	2017
Realized Gains (Losses)	\$ (17,858)	\$ 55,908
Net Change in Unrealized Gains (Losses)	97,241	(28,522)
Realized and Net Change in Unrealized Gains from Consolidated Blackstone Funds	79,383	27,386
Interest and Dividend Revenue Attributable to Consolidated Blackstone Funds	31,216	38,746
Other Income Net Gains from Fund Investment Activities	\$ 110,599	\$ 66,132

Equity Method Investments

Blackstone's equity method investments include Partnership Investments, which represent the pro-rata investments, and any associated Accrued Performance Allocations in private equity funds, real estate funds, funds of

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hedge funds and credit-focused funds. Partnership Investments also includes the 40% non-controlling interest in Pátria Investments Limited and Pátria Investimentos Ltda. (collectively, Pátria).

Blackstone evaluates each of its equity method investments, excluding Accrued Performance Allocations, to determine if any were significant as defined by guidance from the United States Securities and Exchange Commission. As of and for the three months ended March 31, 2018 and 2017, no individual equity method investment held by Blackstone met the significance criteria. As such, Blackstone is not required to present separate financial statements for any of its equity method investments.

Partnership Investments

Blackstone recognized net gains related to its Partnership Investments accounted for under the equity method of \$162.5 million and \$168.5 million for the three months ended March 31, 2018 and 2017, respectively.

Accrued Performance Allocations

Accrued Performance Allocations to the Partnership in respect of performance of certain Blackstone Funds were as follows:

	Private Equity	Real Estate	Hedge Fund Solutions	Credit	Total
Accrued Performance Allocations, December 31, 2017	\$ 1,916,971	\$ 2,859,307	\$ 13,802	\$ 538,200	\$ 5,328,280
Performance Allocations as a Result of Changes in Fund					
Fair Values	474,439	357,680	7,072	38,724	877,915
Foreign Exchange Gain		19,814			19,814
Fund Distributions	(76,203)	(168,717)	(5,977)	(60,962)	(311,859)
Accrued Performance Allocations, March 31, 2018	\$ 2,315,207	\$ 3,068,084	\$ 14,897	\$ 515,962	\$ 5,914,150

Corporate Treasury Investments

The portion of corporate treasury investments included in Investments represents the Partnership's investments into primarily fixed income securities, mutual fund interests, and other fund interests. These strategies are managed by a combination of Blackstone personnel and third party advisors. The following table presents the Realized and Net Change in Unrealized Gains (Losses) on these investments:

	Three Months Ended March 31,	
	2018	2017
Realized Gains (Losses)	\$ 2,339	\$ (5,681)
Net Change in Unrealized Gains (Losses)	(8,194)	30,480
	\$ (5,855)	\$ 24,799

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Other Investments

Other Investments consist primarily of proprietary investment securities held by Blackstone. The following table presents Blackstone's Realized and Net Change in Unrealized Gains (Losses) in other investments:

	Three Months Ended March 31, 2018	2017
Realized Gains	\$ 112	\$ 5
Net Change in Unrealized Gains (Losses)	(4,232)	5,488
	\$ (4,120)	\$ 5,493

5. NET ASSET VALUE AS FAIR VALUE

A summary of fair value by strategy type alongside the remaining unfunded commitments and ability to redeem such investments as of March 31, 2018 is presented below:

Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Diversified Instruments	\$ 270,119	\$ 135	(a)	(a)
Credit Driven	135,370	268	(b)	(b)
Equity	55,082		(c)	(c)
Commodities	1,865		(d)	(d)
	\$ 462,436	\$ 403		

- (a) Diversified Instruments include investments in funds that invest across multiple strategies. Investments representing 3% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date. The remaining 97% of investments in this category are redeemable as of the reporting date.
- (b) The Credit Driven category includes investments in hedge funds that invest primarily in domestic and international bonds. Investments representing 51% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date. The remaining 49% of investments in this category are redeemable as of the reporting date.
- (c) The Equity category includes investments in hedge funds that invest primarily in domestic and international equity securities. Investments representing 100% of the fair value of the investments in this category may not be redeemed at, or within three months of, the reporting date.
- (d) The Commodities category includes investments in commodities-focused funds that primarily invest in futures and physical-based commodity driven strategies. Investments representing 100% of the fair value of the investments in this category may not be redeemed at,

or within three months of, the reporting date.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Blackstone and the consolidated Blackstone Funds enter into derivative contracts in the normal course of business to achieve certain risk management objectives and for general investment purposes. Blackstone may enter into derivative contracts in order to hedge its interest rate risk exposure against the effects of interest rate changes. Additionally, Blackstone may also enter into derivative contracts in order to hedge its foreign currency risk exposure against the effects of a portion of its non-U.S. dollar denominated currency net investments. As a result of

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the use of derivative contracts, Blackstone and the consolidated Blackstone Funds are exposed to the risk that counterparties will fail to fulfill their contractual obligations. To mitigate such counterparty risk, Blackstone and the consolidated Blackstone Funds enter into contracts with certain major financial institutions, all of which have investment grade ratings. Counterparty credit risk is evaluated in determining the fair value of derivative instruments.

Net Investment Hedges

To manage the potential exposure from adverse changes in currency exchange rates arising from Blackstone's net investment in foreign operations, during December 2014, Blackstone entered into several foreign currency forward contracts to hedge a portion of the net investment in Blackstone's non-U.S. dollar denominated foreign operations.

Blackstone uses foreign currency forward contracts to hedge portions of Blackstone's net investments in foreign operations. The gains and losses due to change in fair value attributable to changes in spot exchange rates on foreign currency derivatives designated as net investment hedges were recognized in Other Comprehensive Income, Net of Tax - Currency Translation Adjustment. For the three months ended March 31, 2018 the resulting loss was \$1.4 million. During the three months ended March 31, 2018, Blackstone deconsolidated the foreign investment vehicle for which the foreign currency derivatives were designated as net investment hedges. As a result, \$0.8 million was reclassified from Accumulated Other Comprehensive Loss on the Condensed Consolidated Statement of Financial Condition to Other Revenue on the Condensed Consolidated Statement of Operations. Following their de-designation, these foreign currency derivatives will be presented as freestanding derivatives.

Freestanding Derivatives

Freestanding derivatives are instruments that Blackstone and certain of the consolidated Blackstone Funds have entered into as part of their overall risk management and investment strategies. These derivative contracts are not designated as hedging instruments for accounting purposes. Such contracts may include interest rate swaps, foreign exchange contracts, equity swaps, options, futures and other derivative contracts.

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The table below summarizes the aggregate notional amount and fair value of the derivative financial instruments. The notional amount represents the absolute value amount of all outstanding derivative contracts.

	March 31, 2018				December 31, 2017			
	Assets		Liabilities		Assets		Liabilities	
	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value
Net Investment Hedges								
Foreign Currency Contracts	\$	\$	\$	\$	\$	\$	\$ 50,857	\$ 453
Freestanding Derivatives								
Blackstone								
Interest Rate Contracts	404,005	570	1,599,198	63,103	225,550	2,042	1,530,751	27,275
Foreign Currency Contracts	465,677	2,151	345,181	1,093	279,050	2,097	296,252	2,975
Credit Default Swaps	446	50	1,852	264	2,073	304	2,073	304
Investments of Consolidated Blackstone Funds								
Foreign Currency Contracts	101,863	2,922	33,380	1,014	493,181	24,087	264,693	5,628
Credit Default Swaps	35,768	1,819	40,570	4,319	45,670	3,731	45,582	5,163
Total Return Swaps	27,520	772			25,645	526		